

C. Leslie

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Taxes paid in 2012

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As part of our continuing commitment to transparency, this report brings together information on the payments we make to governments in each of the main countries in which we operate, as well as the taxes and net earnings of business units and other Group tax information. This is the third report of its kind and we will continue to publish this information annually.



At a time when the spotlight is increasingly being trained on the tax payments made by the world's leading businesses, this report demonstrates the significant contribution Rio Tinto makes to public finances in the countries where it operates around the globe. Tax transparency also assists in the fight against corruption and enhances the scope for communities and citizens to hold their governments to account.

The Rio Tinto Group paid US\$11.6 billion of taxes during 2012 ([/ourcommitment/our-tax-strategy-and-governance-4763.aspx](#)), with almost US\$9 billion of that in Australia. This represents an eight per cent decrease from 2011 (restated to exclude refunds of sales taxes, fuel taxes and other indirect taxes), which primarily reflects our lower profits in 2012. Our total underlying tax charge for the year, including final payments due after 2012, was US\$7.5 billion ([/ourcommitment/tax-charged-in-the-financial-statements-in-2012-4774.aspx](#)), which represents 44% of our underlying profit before all taxes.

The disclosures contained in this report ensure that the Group remains transparent about its payments to governments and are consistent with Rio Tinto's support for the principles of the [Extractive Industries Transparency Initiative \(EITI\)](#) (<http://eiti.org/>). Rio Tinto was a founding member and continues to engage actively with EITI processes in the countries where it operates, including in the new multistakeholder groups in the USA and Australia.

As part of its commitment to showing leadership in tax transparency, Rio Tinto publishes this report on a voluntary basis because the Group believes that transparency makes good business sense. Rio Tinto is leading the way in this area as governments move to adopt a regulatory approach to declaring all tax payments.

In August 2012, the US Securities and Exchange Commission adopted regulations requiring resource extraction businesses to disclose certain payments to governments. Similar requirements are also proposed for companies listed in the European Union, and are increasingly being debated in other jurisdictions. The UK Prime Minister has also made this area a priority for the UK's Presidency of the G8 in 2013.

Rio Tinto encourages governments to work together to adopt a consistent global approach and establish disclosure requirements and thresholds that are proportionate. Otherwise, global companies will face additional costs and compliance obligations which are unnecessary. Mandatory reporting must remain focused on the ultimate objectives of disclosure requirements for both companies and governments: good tax governance, accountability, and transparency.

Rio Tinto also welcomes constructive debate on natural resource taxation policy as part of the overall contribution to economic development that responsible mining investments can make. We believe that it is essential for tax policy and design to take into account the cyclical nature of the industry and to respect agreements under which investment capital has already been committed. For an industry that makes multi-decade investments, with significant up-front capital expenditure, the risk of fiscal instability will influence the global flow of capital and a country's ability to attract and retain investment. Above all, tax law should never be retrospective.

The 2012 Taxes Paid report has been compiled using valuable feedback from previous reports. This year Rio Tinto identified the specific bodies at "Local government" level where tax payments have been made. Rio Tinto is committed to maintaining and improving its reporting and transparency procedures, and welcomes feedback on this report.

Guy Elliott
Chief financial officer
March 2013

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Rio Tinto Appoints Mongolian Ex-Banker Bold as Copper President

By Yuriy Humber - Apr 24, 2013 10:07 PM MT

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Rio Tinto (RIO) Group Plc., in talks to mend a rift with Mongolia's government over a \$6.6 billion copper and gold project in the country, will appoint Mongolian national Bold Baatar as president of its copper group.

Bold will be based in London as head of international operations, overseeing mines in countries including Australia, South Africa and Papua New Guinea, Rio Tinto said yesterday in an e-mailed statement. An adviser to Rio for three years, Bold will take up the new role starting June 3 and report to Jean- Sebastian Jacques, chief executive officer of the copper business, Rio said.

Rio's scheduled June start of production at the Oyu Tolgoi mine in Mongolia, the world's biggest untapped resource of gold and copper, was thrown in doubt earlier this year as the nation's government clashed with the world's second-largest miner over cost overruns at the project. Mongolian President Tsakhia Elbegdorj said in February the country wants more of its nationals in key positions and greater control of a project that will represent 30 percent of its economy once in full production.

Bold, formerly an investment banker with JPMorgan Chase & Co. based in New York, London and Moscow, has also worked as chief executive officer of Mongolia's Newcom Group, which among other assets co-owns the country's biggest telecommunications network together with Japan's Sumitomo Corp. (8053) and KDDI Corp. (9433) U.S.-educated, Bold in 2011 acquired gold mining company ZAO Zolotoy Vostok Mongolia together with entrepreneur Ganbold Tordai for about \$300 million, Ganbold said at the time.

Bold's advisory role to Rio Tinto over the last three years was focused on Mongolia business, Burenbayar Chanrav, a spokesman for Oyu Tolgoi LLC, the Rio-controlled company that's developing the namesake mine, said by phone today in Ulaanbaatar.

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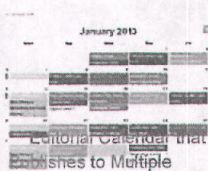
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Environment

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Respect for the environment is at the heart of our development strategy. That's why we're committed to minimising our impact on the planet, drawing on the advice of environmental experts, such as the International Union for Conservation of Nature, and the communities in which we operate.

This has helped us develop a range of practical programmes, from using our technological expertise to reduce emissions to forming partnerships with conservation groups; and from recycling drainage water to the rehabilitation of land into wildlife habitats.

Air

Our operations necessarily involve burning fossil fuels, moving ore and waste and smelting metals - activities which release gases and particulates into the atmosphere.

We are committed to reducing these as far as possible, and we're constantly looking for new ways to improve our performance. Our air quality strategy and [air quality control standard \(/documents/ReportsPublications/AirQualityControl.pdf\)](#) require us to continually review our emissions and apply strict air quality controls to minimise any impact on the environment and on health, both inside and outside the workplace.

Biodiversity

Biodiversity refers to the sheer variety of life on Earth - the multitude of animals, plants and micro-organisms, their genes and the ecosystems of which they are a part.

Any impact on biodiversity makes our projects extremely sensitive for regulators, external stakeholders and local employees - making our ability to manage these issues vital to our commercial success.

That's why our goal is to have a Net Positive Impact (NPI) on biodiversity. This means not just minimising the impact of our operations, but ensuring that a region will ultimately benefit from our presence.

To achieve this, we've formed partnerships with many leading and regional conservation NGOs, along with a number of local partners who include wildlife reserves and botanical gardens.

Ecosystem services

Many of the world's ecosystems are under severe stress. In addition to the environmental impact, this poses a significant risk to our operations. Like everyone else, we depend on the services that ecosystems provide - including air and water purification, carbon sequestration, and water supply.

As ecosystems degrade, competition for these diminishing resources has led to the emergence of Payment for Ecosystem Services (PES) programmes. These offer payments to those who provide ecosystem services and meet conservation targets.

We believe that this investment-based solution offers the best way to protect ecosystems without impacting on economic growth. A good example of this "win-win" approach is our Kennecott Utah Copper operation, where we simultaneously expanded our mine whilst creating a major shorebird reserve that is now internationally recognised as an Important Bird Area (IBA).

Energy and climate change

Rio Tinto is both a user and a producer of energy. We recognise the need to understand and adapt to the physical impacts of climate change, which will affect our operations through the availability of water resources and the occurrence of extreme weather events.

We work in an energy-intensive industry, and continue to rely heavily on fossil fuels. However, the majority of our energy now comes from greenhouse gas-friendly hydro and nuclear power. We have set targets to further reduce our greenhouse gas emissions intensity as well as our energy efficiency performance.

In addition to minimising our energy use, the products we produce have a positive role to play in building the low carbon infrastructure of the future global economy. Both coal and uranium are important mined sources of energy which contribute to a mixed energy strategy, while -products such as aluminium, used to make vehicles lighter, help improve energy efficiency.

Land

Competition for land-based resources is growing, fuelled by environmental concerns and an exploding world population (forecast to reach nine billion by 2050). This directly affects Rio Tinto, by increasing the tension between mining and other land uses such as food and fibre production and natural habitats.

We have an internal land use stewardship standard across all our operations. This aims to ensure sustainable stewardship of our land, and by the end of 2012, 24 per cent of our disturbed land had been rehabilitated. The vast majority of this is returned to native vegetation - like the closed Barneys Canyon mine in Utah, which is now a prime habitat for elk and deer.

Waste

By effectively managing our waste, we not only improve our environmental performance, but can also reduce our operating costs and risks. We've instituted a number of programmes to improve our waste management and its environmental impact - from improved repositories and waste rehabilitation to reducing our non-mineral waste and drainage capture and treatment.

An important part of our approach is working together with organisations such as The International Network for Acid Prevention, regulators, NGOs and even our competitors within the mining industry to ensure best practice.

Water

Access to water is critical to Rio Tinto's operations. We use water at every stage of our business: for exploration, mining, processing, smelting, refining, rehabilitation and drinking. We also use water to generate hydroelectric power.

Each operation has its own set of water challenges. Some are located in water-scarce environments. Others need to manage surplus water from storms or groundwater, or control the quality of water we use and discharge into the environment.

We work with NGOs and neighbouring communities to manage the impact we make, and look for opportunities to provide clean drinking water in countries where water is contaminated or insufficient to meet community needs.

Sustainable development report 2012 [\(http://www.riotinto.com/sustainabledevelopment2012/\)](http://www.riotinto.com/sustainabledevelopment2012/)

At Rio Tinto, our commitment to sustainable development is fundamental to everything we do.

Insisting on a responsible approach to mineral development helps us gain and maintain our licence to operate. It provides confidence to all our stakeholders, enabling better access to the mineral resources, people and capital we need, and enables us to bring long-lasting benefits to the places where we work.

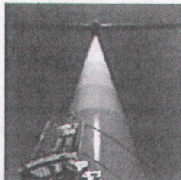
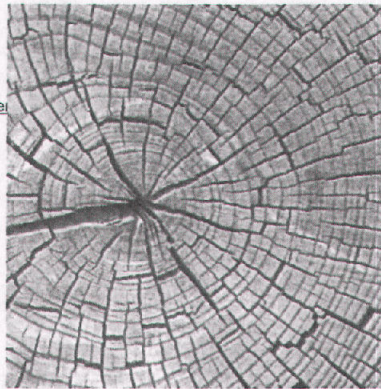
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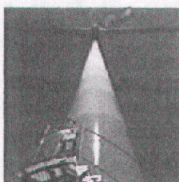
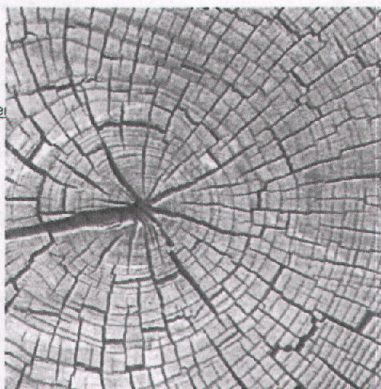
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Environment

Improving air quality

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Environmental stewardship

Environmental stewardship is at the heart of Kennecott's commitment to sustainable development. Wherever possible, we prevent, or otherwise minimize, mitigate or remediate any potentially harmful effects of our operations on the environment. This practice creates and sustains our business value and reputation.

We set self-imposed environmental targets to drive continual improvement. Through our commitment and actions, we strive to be a leader in environmental performance by demonstrating good management of natural resources, responsibly reducing our environmental footprint and exceeding community expectations for sustainable development.

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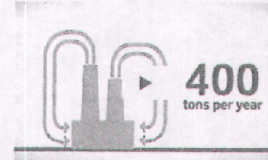
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See how behavioral changes, major capital investments and community partnerships help improve air quality.



Due to its unique topography and quickly growing population, Utah experiences a number of challenges in maintaining healthy air quality for its citizens, particularly in the more densely populated areas along the Wasatch Front. Kennecott Utah Copper is aware of these issues and the impacts we have on air quality, and we are working hard to reduce harmful impacts on Utah's air quality.

We have an ongoing commitment to build sustainable development into all of our business decisions, and we are focused on helping maintain clean air quality for Utah.

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Kennecott Utah Copper is a fully integrated mining operation located just outside Salt Lake City, Utah, US. Kennecott is a wholly owned subsidiary of Rio Tinto. For more than 110 years, Kennecott has been mining and processing minerals from the rich orebody of the Bingham Canyon Mine. In 1989, Rio Tinto acquired the Bingham Canyon Mine and other facilities in the Salt Lake Valley. Kennecott is a strong economic driver and strives to be a valuable community partner through strategic partnerships, charitable giving and sustainable development practices.

Products

Kennecott's operations include the Bingham Canyon Mine, Copperton Concentrator, Garfield Smelter, refinery, power plant and associated facilities.

The metals and minerals Kennecott produces are essential for modern life. Kennecott produces copper, molybdenum, gold, silver and sulphuric acid to be shipped around the world.

Production process

Mine and crusher

At Kennecott, ore is extracted from the Bingham Canyon Mine. After blasting, the ore is carried to a crusher to break down the rock. The crushed ore travels by conveyor belt to the concentrator.

Concentrator

The ore is mixed with an aqueous solution and ground into a fine powder. It is then mixed with water, chemicals and air in flotation cells. This process causes the copper-bearing minerals to stick to air bubbles in the cells. When the bubbles float off the top, they are collected as a liquid concentrate that is 28 per cent copper.

Smelter

The concentrate travels 27km to Kennecott's smelter. It is dried and sent into a flash-smelting furnace, which separates it into several products, including a copper matte that is 70 per cent copper. After the copper matte cools, it is fed into several furnaces that remove most of the remaining impurities, achieving 99.6 per cent purity. We then cast the copper into 750 pound (340kg) anodes.

Refinery

These anodes are sent to the refinery to be placed in an acid solution, interleaved with stainless steel cathodes. For ten days, an electric current passes between the anode and the cathode, causing the copper ions to migrate from the anode to the cathode. Other impurities, including gold and silver, drop off into the bottom of the tank where they are collected for further processing.

The electrolytic process forms a plate of 99.99 per cent pure copper. One anode will produce two cathodes, each weighing about 300 pounds (136kg). These copper cathodes are Kennecott's finished products.

Molybdenum

Many copper deposits also contain molybdenum, and Kennecott's Bingham Canyon Mine is no exception.

The froth flotation process at the concentrator separates molybdenum, copper, gold and silver minerals. The molybdenum concentrate is filtered, dried and packaged to be shipped to roasting facilities that further process the concentrate into the base finished product - molybdenum oxide.

Rio Tinto is working on the development of a Molybdenum Autoclave Plant (MAP) that will be a fully integrated molybdenum and rhenium producer. MAP will produce chemical grade molybdenum oxide (CGMO), ammonium dimolybdate (ADM), autoclaved molybdenum concentrate (AMC) and catalyst grade ammonium perrhenate to the highest quality, environmental and safety standards.

Gold and silver

Gold and silver are byproducts of the copper mining and smelting process. They follow the same production pathway as the copper ore from the mine to the smelter.

At the refinery, the copper anodes (which contain gold and silver) are lowered into an acid solution. Gold and silver drop off into the bottom of the tank as electrolytic slimes. These slimes are sent to the Precious Metals plant where the gold is separated from the silver. After the separation, the gold and silver are refined into a dry sand, which is melted and cast into bars.

Sulphuric acid

Many of the world's most important metal ore bodies are sulphides - that is, mineral compounds that contain sulphur. The Bingham Canyon Mine contains veins of copper sulphide, so the ore extracted contains sulphur, which needs to be separated from the copper.

The smelting process breaks elements apart and sulphur is driven off as sulphur dioxide gas. Kennecott's smelter is one of the most modern and cleanest in the world. It captures 99.9 per cent of the sulphur dioxide emissions produced.

The sulphur dioxide gas is cleaned and piped to a double-contact acid plant. There, the sulphur dioxide is converted to sulphuric acid. Kennecott produces about one million tonnes of sulphuric acid each year as a product of the smelting process.

The sulphuric acid is delivered to gold, copper, uranium, and beryllium metal producers, fertiliser producers, chemical manufacturers, power plants, steel companies, farmers, and companies involved in water treatment across the US.

Sustainable development

Kennecott aligns business strategies and daily practices around sustainable development in order to strengthen the operation and products, build enduring communities, and provide lasting benefits for customers, employees and stakeholders.

Kennecott strongly believes in being stewards of the land. The company sets self-imposed environmental targets to drive continual improvement.

A core component of sustainable development is supporting and enhancing a sustainable economy near the operation. Kennecott's continued success is based on its ability to secure access to people, land and capital, and make responsible investments in our future. Kennecott's objective is to understand and maximise the benefits we can bring to the economy at local, regional and national levels.

Kennecott's greatest asset is its employees. The company is committed to providing a safe and healthy workplace where people can develop to the full extent of their abilities. Kennecott builds enduring relationships with its people by treating them with fairness and decency at all times.

Wherever possible, Kennecott prevents, or otherwise minimises, mitigates or remediates any potentially adverse effects of the operation on the environment. This practice creates and sustains business value and reputation. Through Kennecott's commitment and actions, the company strives to be a leader in environmental performance by demonstrating good management of natural resources, responsibly reducing the environmental footprint and exceeding community expectations for sustainable development.

Kennecott Utah Copper

[Visit the website \(http://www.kennecott.com/\)](http://www.kennecott.com/)

Kennecott's commitment to air quality

[\(/ourcommitment/features-
2932_4965.aspx\)](#)

The US state of Utah continues to have wintertime air quality problems, despite decades of air quality...

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Kennecott Utah Copper is a fully integrated mining operation located just outside Salt Lake City, Utah, US. Kennecott is a wholly owned subsidiary of Rio Tinto. For more than 110 years, Kennecott has been mining and processing minerals from the rich orebody of the Bingham Canyon Mine. In 1989, Rio Tinto acquired the Bingham Canyon Mine and other facilities in the Salt Lake Valley. Kennecott is a strong economic driver and strives to be a valuable community partner through strategic partnerships, charitable giving and sustainable development practices.

Products

Kennecott's operations include the Bingham Canyon Mine, Copperton Concentrator, Garfield Smelter, refinery, power plant and associated facilities.

The metals and minerals Kennecott produces are essential for modern life. Kennecott produces copper, molybdenum, gold, silver and sulphuric acid to be shipped around the world.

Production process

Mine and crusher

At Kennecott, ore is extracted from the Bingham Canyon Mine. After blasting, the ore is carried to a crusher to break down the rock. The crushed ore travels by conveyor belt to the concentrator.

Concentrator

The ore is mixed with an aqueous solution and ground into a fine powder. It is then mixed with water, chemicals and air in flotation cells. This process causes the copper-bearing minerals to stick to air bubbles in the cells. When the bubbles float off the top, they are collected as a liquid concentrate that is 28 per cent copper.

Smelter

The concentrate travels 27km to Kennecott's smelter. It is dried and sent into a flash-smelting furnace, which separates it into several products, including a copper matte that is 70 per cent copper. After the copper matte cools, it is fed into several furnaces that remove most of the remaining impurities, achieving 99.6 per cent purity. We then cast the copper into 750 pound (340kg) anodes.

Refinery

These anodes are sent to the refinery to be placed in an acid solution, interleaved with stainless steel cathodes. For ten days, an electric current passes between the anode and the cathode, causing the copper ions to migrate from the anode to the cathode. Other impurities, including gold and silver, drop off into the bottom of the tank where they are collected for further processing.

The electrolytic process forms a plate of 99.99 per cent pure copper. One anode will produce two cathodes, each weighing about 300 pounds (136kg). These copper cathodes are Kennecott's finished products.

Molybdenum

Many copper deposits also contain molybdenum, and Kennecott's Bingham Canyon Mine is no exception.

The froth flotation process at the concentrator separates molybdenum, copper, gold and silver minerals. The molybdenum concentrate is filtered, dried and packaged to be shipped to roasting facilities that further process the concentrate into the base finished product - molybdenum oxide.

Rio Tinto is working on the development of a Molybdenum Autoclave Plant (MAP) that will be a fully integrated molybdenum and rhenium producer. MAP will produce chemical grade molybdenum oxide (CGMO), ammonium dimolybdate (ADM), autoclaved molybdenum concentrate (AMC) and catalyst grade ammonium perrenate to the highest quality, environmental and safety standards.

Gold and silver

Gold and silver are byproducts of the copper mining and smelting process. They follow the same production pathway as the copper ore from the mine to the smelter.

At the refinery, the copper anodes (which contain gold and silver) are lowered into an acid solution. Gold and silver drop off into the bottom of the tank as electrolytic slimes. These slimes are sent to the Precious Metals plant where the gold is separated from the silver. After the separation, the gold and silver are refined into a dry sand, which is melted and cast into bars.

Sulphuric acid

Many of the world's most important metal ore bodies are sulphides - that is, mineral compounds that contain sulphur. The Bingham Canyon Mine contains veins of copper sulphide, so the ore extracted contains sulphur, which needs to be separated from the copper.

The smelting process breaks elements apart and sulphur is driven off as sulphur dioxide gas. Kennecott's smelter is one of the most modern and cleanest in the world. It captures 99.9 per cent of the sulphur dioxide emissions produced.

The sulphur dioxide gas is cleaned and piped to a double-contact acid plant. There, the sulphur dioxide is converted to sulphuric acid. Kennecott produces about one million tonnes of sulphuric acid each year as a product of the smelting process.

The sulphuric acid is delivered to gold, copper, uranium, and beryllium metal producers, fertiliser producers, chemical manufacturers, power plants, steel companies, farmers, and companies involved in water treatment across the US.

Sustainable development

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Copper projects and operations

Explore the map to see our Copper projects and operations

Reset map

Copper

Distribution of direct economic contributions

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How we spent our revenue in 2012

The chart below shows the distribution to different stakeholder groups of revenues generated by our businesses in 2012. Tax contributions to governments accrued on underlying earnings comprised 13 per cent of our gross sales revenue in 2012. This remains the third largest constituent in the distribution of gross sales revenues, after payments to external suppliers and employees.

The majority of our revenues result from operations in Australia and North America; correspondingly tax payments are highest in these markets (see [Our tax payments in 2012 \(/ourcommitment/our-tax-payments-in-2012-4768.aspx\)](#)). The effective total tax rate, calculated as the total underlying tax charge for the year divided by underlying profits before all taxes, is 44 per cent. The detailed calculation of this is explained in the [Basis of preparation \(/ourcommitment/basis-of-preparation-4768.aspx\)](#).

Gross sales revenue by geographical origin
(US\$ billions)

Australia	33
North America	12
Europe	4
South America	3
Africa	2
Asia/rest of the world	2
Total	56

How our revenues are spent – distribution of economic contributions
(%)

